

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: June 26, 2009
POSITION: Oppose

BILL NUMBER: SB 702
AUTHOR: M. DeSaulnier

BILL SUMMARY: Ancillary Day Care Centers: Trustline Providers

This bill would require child care providers within athletic clubs, grocery stores and other businesses that provide childcare for the children of clients or customers engaged in purchasing goods or services from that business to be subject to a background check through Trustline.

FISCAL SUMMARY

We estimate this bill would result in net General Fund (GF) costs of \$108,000 and 3.0 positions in 2010-11, \$264,000 and 4.5 positions in 2011-12, and \$150,000 and 3.0 positions ongoing.

2010-11	2011-12	On-going
New GF Revenues: \$550,000	New GF Revenues: \$220,000	New GF Revenues: \$220,000
Costs: \$658,000	Costs: \$484,000	Costs: \$370,000
Net New Costs: \$108,000	Net New Costs: \$264,000	Net New Costs: \$150,000

Although there could be a wide range of businesses offering childcare to customers, the above cost estimate is based upon the largest business segment (health clubs) expected to be impacted by this bill. There are approximately 3,300 health clubs in California. A search of health clubs in five major California cities reflects 31 percent offer child care. Assuming the average childcare center housed within a health club employs 10 child care workers at a time, the TrustLine Registry Program would have an initial increase of 10,230 applications (31% of 3,300 = 1,023 X 10 staff = 10,230). Assuming an annual child care employee turnover of 50 percent, it is expected that 5,115 voluntary applicants will apply for TrustLine on an annual basis as a result of this bill (10,230 X 50% = 5,115).

To apply for a Trustline background check, an individual or employer must submit several payments: one to Department of Justice to perform background checks, one to Identix for fingerprint processing, and one to the Department of Social Services (DSS) to process the application. The DSS payment of \$43 per application is deposited as revenue into the state General Fund. Of this amount, the state assumes \$8 offsets the costs to process the applications, while the remaining \$35 funds Community Care Licensing general expenses. The Local Assistance Budget includes a commensurate \$35 per application for the state to reimburse the California Child Care Resources and Referral Network for Trustline services.

COMMENTS

The Department of Finance is opposed to this bill for the following reasons:

- This bill would result in estimated new General Fund costs of \$108,000 in 2010-11, \$264,000 in 2011-12, and \$150,000 ongoing. Given the state's current fiscal environment, non-critical General Fund costs cannot be supported.

Analyst/Principal (0513) J. Wordlaw	Date	Program Budget Manager Lisa Ann L. Mangat	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS	Form DF-43 (Rev 03/95 Buff)
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BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)**Form DF-43****AUTHOR****AMENDMENT DATE****BILL NUMBER**

M. DeSaulnier

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- This bill likely would impose new costs on employers at a time where California's business climate is being severely challenged by a national recession.
- This bill could impose a new cost on newly hired employees who are not typically high wage earners.

TrustLine is California's registry of in-home, license-exempt, child care providers who have no disqualifying criminal convictions or reports of substantiated child abuse. All caregivers listed with TrustLine have been cleared through a fingerprint and name check by the Department of Justice and the Federal Bureau of Investigation. This bill does not specify how the Trustline fees would be paid, but it is likely some employers would pay fees on behalf of their employees, some employers would require the employees (typically low wage earners) to pay the fees, and some employers would pay a portion of the fee and require the employees to pay the remainder.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							
	LA	(Dollars in Thousands)							
	CO	PROP							Fund
	RV	98	FC	2009-2010	FC	2010-2011	FC	2011-2012	Code
5180/Social Svcs	UN	No		--	C	\$658	C	\$484	0001
1253/Proc Fees	RV	No		--	U	\$550	U	\$220	0001